

EXHIBIT G



2525 CABOT DRIVE SUITE 105 Lisle, IL 60532 TEL: (630) 955-1080 FAX: (630) 955-1230

June 29, 2006

Honorable Ann Womer Benjamin
Director of Insurance
Ohio Department of Insurance
2100 Stella Court
Columbus, OH 43215-1067

Attention: Office of Property & Casualty Svcs

Dear Director Womer Benjamin:

Insurance Services Office, Inc.
Filing **CF-2006-OVBER**
Rule On Amendatory Endorsement –
Exclusion Of Loss Due To Virus Or Bacteria
State of Ohio

On behalf of those participating insurers which have authorized Insurance Services Office, Inc., to do so, we are submitting the enclosed captioned filing.

It is proposed that this revision become effective in accordance with the following rule of application:

These changes are applicable to policies written on or after **January 1, 2007**.

Your early review and approval will be greatly appreciated.

For your convenience, an extra copy of this letter and a self addressed stamped envelope are enclosed for your use in responding.

Very truly yours,

A handwritten signature in cursive script that reads 'Tony Shannon'.

Tony Shannon, CPCU
Regional Manager
Government Relations
rshannon@iso.com

Enclosures
RES/gr



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Rule On Amendatory Endorsement - Exclusion Of Loss Due To Virus Or Bacteria

About This Filing

This filing addresses use of an endorsement that excludes loss due to disease-causing agents such as viruses and bacteria.

New Rule

We are introducing:

- **Additional Rule - Exclusion Of Loss Due To Virus Or Bacteria**

This rule, which is being filed on a multistate basis, will appear in the state exception pages in Commercial Lines Manual Division Five - Fire And Allied Lines, until the multistate general rules are updated in a future filing.

Related Filing(s)

- Forms Filing CF-2006-OVBEF

Background

In the related Forms Filing, we have submitted endorsement CP 01 40, containing an exclusion relating to a type of contamination, namely, losses caused by disease-causing viruses or bacteria or other disease-causing microorganisms. The exclusion makes it explicit that there is no coverage for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease. In accordance with the terms of endorsement CP 01 40, the exclusion applies to property damage, time element and all other coverages.

Changes

The rule presented in this Rules Filing provides for attachment of Endorsement CP 01 40 to all policies.

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Additional Rule # - Exclusion Of Loss Due To Virus Or Bacteria

Attach Exclusion Of Loss Due To Virus Or Bacteria Endorsement **CP 01 40** to all policies.

For each state, the Additional Rule number will be the next number in sequence, assigned at the time of publication based on the number of then-current Additional Rules.



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Director of Insurance
Ohio Department of Insurance
2100 Stella Court
Columbus, OH 43215-1067

Attention: Office of Property & Casualty Svcs

Dear Director Womer Benjamin:

Insurance Services Office, Inc.
Filing **CF-2006-OVBEF**
Exclusion Of Loss Due To Disease Agents
Such As Viruses Or Bacteria (Forms)
State of Ohio

On behalf of those participating insurers which have authorized Insurance Services Office, Inc., to do so, we are submitting the enclosed captioned filing.

It is proposed that this revision become effective in accordance with the following rule of application:

These changes are applicable to policies written on or after **January 1, 2007**.

Your early review and approval will be greatly appreciated.

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RES/gr

Amendatory Endorsement - Exclusion Of Loss Due To Virus Or Bacteria

About This Filing

This filing addresses exclusion of loss due to disease-causing agents such as viruses and bacteria.

New Form

We are introducing:

- ♦ Endorsement CP 01 40 07 06 - Exclusion Of Loss Due To Virus Or Bacteria

Related Filing(s)

Rules Filing CF-2006- OVBER

Introduction

The current pollution exclusion in property policies encompasses contamination (in fact, uses the term *contaminant* in addition to other terminology). Although the pollution exclusion addresses contamination broadly, viral and bacterial contamination are specific types that appear to warrant particular attention at this point in time.

An example of bacterial contamination of a product is the growth of listeria bacteria in milk. In this example, bacteria develop and multiply due in part to inherent qualities in the property itself. Some other examples of viral and bacterial contaminants are rotavirus, SARS, influenza (such as avian flu), legionella and anthrax. The universe of disease-causing organisms is always in evolution.

Disease-causing agents may render a product impure (change its quality or substance), or enable the spread of disease by their presence on interior building surfaces or the surfaces of personal property. When disease-causing viral or bacterial contamination occurs, potential claims involve the cost of replacement of property (for example, the milk), cost of decontamination (for example, interior building surfaces), and business interruption (time element) losses.

Current Concerns

Although building and personal property could arguably become contaminated (often temporarily) by such viruses and bacteria, the nature of the property itself would have a bearing on whether there is actual property damage. An allegation of property damage may be a point of disagreement in a particular case. In addition, pollution exclusions are at times narrowly applied by certain courts. In recent years, ISO has filed exclusions to address specific exposures relating to contaminating or harmful substances. Examples are the mold exclusion in property and liability policies and the liability exclusion addressing silica dust. Such exclusions enable elaboration of the specific exposure and thereby can reduce the likelihood of claim disputes and litigation.

While property policies have not been a source of recovery for losses involving contamination by disease-causing agents, the specter of pandemic or hitherto unorthodox transmission of infectious material raises the concern that insurers employing such policies may face claims in which there are efforts to expand coverage and to create sources of recovery for such losses, contrary to policy intent.

In light of these concerns, we are presenting an exclusion relating to contamination by disease-causing viruses or bacteria or other disease-causing microorganisms.

Features Of New Amendatory Endorsement

The amendatory endorsement presented in this filing states that there is **no coverage for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.** The exclusion (which is set forth in Paragraph B of the endorsement) applies to property damage, time element and all other coverages; introductory Paragraph A prominently makes that point. Paragraphs C and D serve to avoid overlap with other exclusions, and Paragraph E emphasizes that other policy exclusions may still apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.
- However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to "pollutants".
- D.** The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
1. Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
 2. Additional Coverage - Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

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